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Master's Thesis of International Relations

Strategic Motives of the Korea-  
Australia Free Trade Agreement  
– Why Australia used the KAFTA as a Catalyst  
for Forming an FTA with Japan and China–

August 2019

Graduate School of Political Science and  
International Relations  
Seoul National University  
International Relations Major

Grace Marie Casley

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Examiner Jong Hee Park

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# Abstract

Whilst the Korea Australia Free Trade Agreement (KAFTA) may be hailed as one of the strongest and most complementary economic agreements of its time, there are some anomalies when one examines Australia and South Korea's motivations behind forming the agreement. The corresponding proliferation of regional FTAs has thus far been understood to result from two broad motivations: a desire to advance trade liberalisation beyond World Trade Organisation (WTO) disciplines for economic gains; and/or the use of FTAs to improve resource and/or territorial security. This paper seeks to use the example of the Korea Australian Free Trade Agreement (KAFTA) to further the rationalist argument made by Mansfield and Milner (2012) that democratic leaders also use the formation of such trade agreements for domestic political gain.

**Keywords:** Korea Australia Free Trade Agreement (KAFTA); Japan Australia Economic Partnership Agreement (JAEPA); China Australia Free Trade Agreement (ChAFTA); Catalyst

**Student Number:** 2017-25051

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# I. Introduction

## I.1 Research Question

The goal of this paper is to explain the disparities in the data when one examines the Korea Australia Free Trade Agreement (KAFTA), along with the Australian domestic political motivations behind forming this agreement. Firstly, this dissertation analyses the previous literature on the benefits of free trade and the subsequent motivations behind forming free trade agreements. Whilst the KAFTA was said to be formed with purely economic motivations, when one analyses the trade before and after the KAFTA, it can be seen to have had resulted in no significant improvement of trade for Australia until very recently. Furthermore, through the analysis of Australian public sentiment of South Korea when compared to Japan and China, it can be established that Australia views Japan and China as a more attractive trading partner than South Korea.

However, when one analyses the dates the KAFTA was negotiated, ratified and implemented with the subsequent corresponding dates of the JAEPA and the ChAFTA, it can be seen that the KAFTA was negotiated, ratified and implemented faster and seemingly with much more ease than the JAEPA and the ChAFTA, despite Japan and China being of more importance economically and strategically to Australia than South Korea. With the KAFTA not significantly improving Australian trade benefits, and Australia forming the KAFTA before other strategic FTAs, this poses the



question: why did Australia form the KAFTA?

This thesis aims to explore the possibility that the KAFTA was used by Australia to provide a catalyst for forming an FTA with Japan and China in order to gain political advantage along with recognition and support at home for the Liberal National Coalition Government (LNP) in office. Despite each individual trade agreement not having a significant positive economic influence on trade, when one looks at the potential domestic political benefits the government gained from ratifying and implementing three free trade agreements within the space of a year, their motivations for forming these agreements are illuminated.

Secondly, to consolidate the rationalist theory made by Edward Mansfield and Helen Milner (2012) with the unique cases of the KAFTA, JAEPA and the ChAFTA, along with the additional concept of catalyst motivations proposed in this thesis, this dissertation questions that if Japan and China are of more important to Australia than South Korea, why was the KAFTA formed before the JAEPA and the ChAFTA? This is the question that is proposed to be answered by Mansfield and Milner's theorem.

From this question, this dissertation theorises the domestic motivations for forming the JAEPA and ChAFTA after the KAFTA were the KAFTA was easy to negotiate and ratify due to South Korea's relatively lower level of economic importance to Australia than Japan or China, and was therefore used as a catalyst to encourage Japan and China to form an FTA with Australia for further domestic political benefits. To consolidate this theorisation, deep interview analysis was conducted with professionals in the field and is presented in the later sections of this paper. The findings of these interviews is that despite interviewees attempting to be diplomatic in

their assessment of the issue, after being presented with the KAFTA timeline facts in comparison to the JAEPA and the ChAFTA, discussion and sentiment turned to supporting the concept of a catalyst for domestic political benefit. When further presented with hypothetical scenarios of no JAEPA or ChAFTA, the importance of the KAFTA decreased significantly.

In conclusion, the goal of this paper is to explain why the KAFTA was formed before and negotiated with significant ease when compared to the JAEPA and the ChAFTA. This is taking into consideration the findings of the paper that sentiment suggests Japan and China are of more importance to Australia than South Korea. To address this anomaly, this dissertation draws on the works of Mansfield and Milner to theorise that other than transparent economic motivations to enter into an international economic agreement, there are significant domestic political motivations at play. Free trade agreements have been the topic of debate for hundreds of years in the field of economics due to differing opinions on their economic impacts. These debates have given rise to a significant amount of literature on the economic and political implications of FTAs. However, there is surprisingly little research analysing the motivating factors behind forming these agreements. The purpose of this paper is to improve our understanding of the motivations behind forming free trade agreements. In doing so, this study will also contribute to the larger literature on the sources of international cooperation, and Australia's role in this arena.

## 1.2 Argument and Method

This dissertation aims to explain why the KAFTA was negotiated within a shorter timeframe, then ratified and implemented before the JAEPA and the ChAFTA, despite the significance of Japan and China to Australia both politically and economically. This paper suggests this empirical question cannot be solved by the arguments made by the existing literature on the KAFTA or FTAs as a whole. Instead, this dissertation argues that rather than the previously understood economic motivations behind forming FTAs, there are additional motivations such as providing a catalyst for an FTA, as is shown through Australia's motivations to form the KAFTA to provide a catalyst for the JAEPA and the ChAFTA in order to gain domestic political advantage.

To examine these motivations, which can be considered not sincere but more strategic motivations, one must employ deep interview analysis, along with intensive analysis of public sentiment of the KAFTA, the JAEPA, the ChAFTA, and the political party responsible for completing these three FTAs in Australia through media printed at that time. This analysis will be theoretically consolidated by the hypotheses presented by Edward Mansfield and Helen Milner in their book *Votes, Vetoes, and the Political Economy of International Trade Agreements*.

Through the presentation and examination of these two forms of analysis, not only will there be a representation of professionals in the field, the sentiment in Australia at the time presented through media analysis will give some indication to the perceived success of the government at the time through the eyes of the Australian public,

and therefore their motivations for striving to receive this positive sentiment. However, the true motivations of the Liberal National Coalition Government at the time cannot be fully gleaned through interview analysis and media analysis due to the tendency of this data to be biased. Whilst this analysis is insufficient, these methods can still provide necessary information for understanding the domestic motivations behind forming the KAFTA.

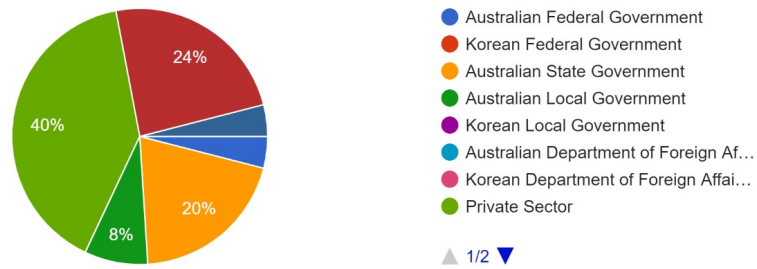
Appendix 1 shows a list of people contacted for interviews and survey completion requests. All contacts have been collected over a period of two years and are all acquaintances met at Australia-South Korea related events. This was the intended list of interview and survey participants, but due to the scheduling, only five of the thirty-five participants were able to be interviewed (refer to Table I-1 below), and a subsequent twenty-five of the intended thirty-five were able to complete the survey (refer to Figures I-1 and I-2 below). Figure I-1 and Figure I-2 both show the demographic of survey participants. Out of 25 responses, Australian Federal, State and Local Governments made up 29 percent of the participants, with 24 percent stating other, and 1 percent choosing not to specify. Unfortunately, there were no respondents from Korean federal or local government sectors, but this was made up by the 40 percent of respondents from the private sector, the majority of which worked for Korean companies.<sup>1</sup>

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<sup>1</sup> Further information regarding the names, positions and specific companies of each participant who were willing to provide such information can be provided upon request but was chosen to be omitted from this thesis for privacy purposes.

### Where do you work?

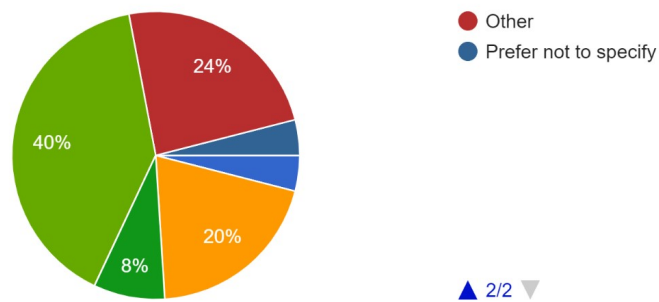
25 responses



<Figure I-1> Demographic of Survey Participants I

### Where do you work?

25 responses



<Figure I-2> Demographic of Survey Participants II

For an extensive analysis of the topic, these interview and survey responses are certainly insufficient. However, they can provide necessary information for the understanding of the domestic political motivations behind the KAFTA. Given the position of some of the interviewees in terms of South Korean–Australian relations, some were willing to give their name, company and position. A number of the interviewees agreed to participate, but in order to provide a truthful opinion, they believed it was in their best interests to be anonymous when quoted throughout this dissertation. In

respecting this, they are further referred to throughout this thesis as Interviewee 1, Interviewee 2, Interviewee 3, Interviewee 4 and Interviewee 5, in no particular order. A list of the interviewees are presented in Table I-1.<sup>2</sup>

Name (If Given)	Company (If Given)	Position (If Given)	Date Interviewed
<b>Aaron Kim</b>	(Company deals with trade relations primarily between South Korea and Queensland)	Seoul Office Manager	2019-03-04
<b>Chul-Hee Hyun</b>	Trade and Investment Queensland	Business and Development Manager	2019-04-10
-	Strathpine Local Office	Member for Strathpine	2019-01-10
<b>Cherry (provided name)</b>	Austrade	Australia-South Korea Project Manager	2019-02-16
-	(Freelance)	CEO of Multiple Small Start-ups	2019-04-13

<Table I-1> Information of Interviewees

Considering Australia's aforementioned bilateral relationships with South Korea, Japan and China, and the respective KAFTA, JAEPA, and ChAFTA, this paper seeks to validify Mansfield and Milner's theory that domestic political motivations play a significant role in forming free trade agreements. In the case of the KAFTA,

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<sup>2</sup> For further information on the interviews conducted, refer to Appendix 2.

JAEPA and ChAFTA, this paper further suggests that the KAFTA was used as a catalyst to form the JAEPA and the ChAFTA in order for the Liberal National Coalition Government at the time to improve their domestic image as a stable political party worthy of re-election in the at-the-time upcoming federal election. These hypotheses have been tested with deep interview analysis, along with further analysis of the media at the time to consolidate the information obtained in these interviews.

## II. Literature Review

Whilst undertaking the required background research for this thesis, it became evident that the KAFTA was significantly under researched. Of the few relevant scholarly articles focused on studying the KAFTA, all are focused on the trade between Australia and South Korea, along with their individual trade competitiveness. Scholarship on the KAFTA is yet to question the other issues surrounding the agreement, which inspired a desire to understand and explain these issues for this dissertation. In that sense, this paper is unique as it touches on a new area of examination which most research and academic studies on the KAFTA have not focused on.

Kwesi Atuaful Quansah and Woo Chul Ahn analysed the effect of the KAFTA on the trade structure between Korea and Australia (2012-2015) in their paper *The Effect of the Korea-Australia Free Trade Agreement (KAFTA) on the Korea-Australia Trade Structure*. In their piece, which was primarily trade focused, they employed the TSI, GL/IIT and CTB indexes to analyse the items traded between South Korea and Australia during the period between 2012-15, and thereafter. The findings of their paper showed a positive effect of the KAFTA, taking into consideration increasing trade between the two countries and Australia securing a competitive position in South Korea.<sup>3</sup> This literature highlighted that the implementation of the

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<sup>3</sup> Kwesi Atuaful Quansah and Woo Chul Ahn, *The Effect of the Korea-Australia Free Trade Agreement (KAFTA) on the Korea-Australia Trade Structure*, (The Asian Journal of Shipping and Logistics, 2017), 229.



KAFTA is aiding industries and traded items to contribute positively to the trade balance of South Korea and Australia, thereby boosting trade between the two countries and with the rest of the world.<sup>4</sup> Despite this piece providing imperative analysis of the trade relationship between South Korea and Australia, it does not shed any light on the questions asked throughout this paper.

In Chungwon Choi's paper *Bilateral Trade Agreement Between Korea and Australia as an Approach for the Expansion of Asia-Pacific Cooperation*, they attempt to show whether the bilateral agreement between South Korea and Australia would promote the effectiveness and cohesion of the Asia-Pacific Economic Cooperation (APEC).<sup>5</sup> They discuss the limit of the Asia-Pacific cooperation, with a link to whether this subregional trade agreement (KAFTA) is complementary of the multinational agreement (APEC) or not. They further examine the KAFTA through conclusions drawn through applying the theoretical model made within the study to search for the opportunities for trade liberalisation and economic cooperation between South Korea and Australia. This paper is useful in its analysis of not just trade relations between Australia and South Korea, but how they affect the Asia-Pacific region. However, little comparative analysis is made with other FTAs in the region.

Due to the lack of information on the topic, necessary data and information for this thesis was mainly collected from secondary government sources. These included the Australian Department of

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<sup>4</sup> Kwesi Atuaful Quansah and Woo Chul Ahn, *The Effect of the Korea-Australia Free Trade Agreement (KAFTA) on the Korea-Australia Trade Structure*, (The Asian Journal of Shipping and Logistics, 2017), 229.

<sup>5</sup> Chungwon Choi, *Bilateral Trade Agreement between Korea and Australia as an Approach for the Expansion of Asia-Pacific Cooperation*, (안테연구, 1995), 36.

Foreign Affairs and Trade website (DFAT),<sup>6</sup> the Austrade website, and the South Korean Free Trade Agreement information website.<sup>7</sup> Due to the nature of government websites, it was assumed that the data gathered from these sources was of the highest credibility, despite some of the wording about South Korea–Australia relations tending to be diplomatically biased. However, as these sites are government sites, they lack any form of critical reflection in reference to the limitations of the KAFTA and policy making surrounding the KAFTA.

To further understand and identify the strategic motivations behind the negotiation and implementation of the KAFTA, an understanding of free trade agreements as a whole was needed. A key piece for understanding FTAs was Robert McMahon's article *The Rise in Bilateral Free Trade Agreements*.<sup>8</sup> Whilst this piece was primarily focused on the American perspective, it provided an important perspective to the reality that FTAs are primarily examined from either an economic perspective, a security perspective, or a mixture of both. This seemed non-representative of the free trade agreements examined to that point and spurred further research into these two types of FTA motivations.

The previous literature is primarily concerned with examining the economic or security reasons that would motivate a state to form an FTA with another state. Firstly, in terms of literature examining

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<sup>6</sup> Department of Foreign Affairs and Trade, *Australia's Free Trade Agreements (FTAs)*, (2019), <https://dfat.gov.au/trade/agreements/Pages/trade-agreements.aspx> [Accessed 2 Jan. 2019].

<sup>7</sup> South Korea Free Trade Agreement 강국, *한-호주 자유무역협정 (FTA) 발효*, (2019), <http://www.fta.go.kr/main/situation/kfta/lov5/au/> [Accessed 8 Apr. 2019].

<sup>8</sup> Robert McMahon, *The Rise in Bilateral Free Trade Agreements*, (2006).

the economic motivations behind forming FTAs, there is Dan Wei, Shenhua Chen and Adam Rose's article *Estimating Economic Impacts of the U.S.-South Korea Free Trade Agreement*.<sup>9</sup> In this article they analyse the economic impacts of the KORUS FTA by applying the Global Trade Analysis Project (GTAP) computable general equilibrium model to highly disaggregate commodity flow data. Whilst this literature was helpful in gaining necessary information about the KORUS FTA, it was solely focused on the KORUS FTA as an event mutually exclusive from all other events.

Secondly, the research article titled *The Economic Impacts of the China-Australia Free Trade Agreement – A General Equilibrium Analysis*<sup>10</sup> by Chaoying Qi and James Xiaohe Zhang also contributes to the literature providing an understanding on the economic motivations behind the formation of FTAs. This paper attempts to examine both the causes and consequences of the delayed conclusion of the China-Australia Free Trade Agreement (ChAFTA) by running simulation experiments on a computable general equilibrium model, to see how this free trade agreement affects the world economy not only on the two countries involved, but also on the rest of the world. Whilst this paper is interesting in that it primarily examines the consequences of the ChAFTA, it is still focused on economic motivations and subsequent consequences, rather than any other potential motivations behind forming these agreements.

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<sup>9</sup> Dan Wei, Shenhua Chen and Adam Rose, *Estimating Economic Impacts of the US-South Korea Free Trade Agreement* (Economic Systems Research, 2018), 2-4.

<sup>10</sup> Chaoying Qi and James Xiaohe Zhang, *The Economic Impacts of the China-Australia Free Trade Agreement – A General Equilibrium Analysis*, (China Economic Review, 2018), 1-4.

It became clear that in order to understand the potential domestic motivations behind forming free trade agreements, one would have to delve deeper into the literature of international economics. Commonly recognised as the grandfather of free trade literature by scholars such as Irwin<sup>11</sup> and Gomes<sup>12</sup> is Adam Smith, with particular reference to his ground-breaking book *An Inquiry into the Nature and Causes of the Wealth of Nations*, otherwise known simply as *The Wealth of Nations* (1776). Of all the literature on the topic of free trade, Smith is arguably one of the most influential, and responsible for launching the new science of political economy. Professor Bloomfield reviewed Smith's work as, "Smith showed profound insights as to the underlying basis and gains of trade. He analysed in greater detail than any of his predecessors the nature and benefits of international specialisation and the factors affecting them."<sup>13</sup>

These classic insights into the nature of economic exchanges being refined, along with the empirical evidence gathered over the past few decades by economists, both contributed to the understanding required for this thesis of the advantages of free trade and the motivations behind it. Smith further argued that free competitive markets would direct the employment of capital and enterprise to those trades and industries where they were likely to be most productive. This would ensure the maximum level of economic welfare and promote social harmony. Smith's book was

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<sup>11</sup> Douglas Irwin, *Free Trade Under Fire*, (New Jersey: Princeton University Press, 2005), 5, 25-27.

<sup>12</sup> Leonard Gomes, *The Economics and Ideology of Free Trade: A Historical Review*, (Cheltenham, United Kingdom: Edward Elgar Publishing Ltd., 2003) 2-6.

<sup>13</sup> Arthur Bloomfield, *Adam Smith and the Theory of International Trade*, (Oxford University Press 1975), 481.

essential in understanding the classic insights made into the motivations behind states forming free trade agreements and lead to further related readings.

One of these such readings was the book by a successful London stockbroker by the name of David Ricardo titled *On the Principles of Political Economy and Taxation*,<sup>14</sup> which furthered Adam Smith's ideas through his theory that became known as the theory of comparative advantage.<sup>15</sup> The combination of this book, along with his book *Works*<sup>16</sup> gave a significant background understanding of the theories surrounding the motivations behind forming free trade agreements in the field of economics.

To translate this to the field of political science and international relations, a relevant book that studied the domestic motivations behind forming free trade agreements was sought out, and subsequently found in Edward Mansfield and Helen Milner's *Votes, Vetoes, and the Political Economy of International Trade Agreements*.<sup>17</sup> As stated by Mansfield and Milner, "Despite the importance of FTAs to the international trading system, we lack an adequate understanding of why and when governments choose to enter these institutions."<sup>18</sup> Mansfield and Milner argue that certain

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<sup>14</sup> David Ricardo and George James Dover, *On the Principles of Political Economy and Taxation*, (London: John Murray, 1819).

<sup>15</sup> Critics of free trade often insist that the theory of comparative advantage is obsolete because Ricardo did not consider capital mobility or technological transfer between countries. But modern economists have altered many of the assumptions underlying Ricardo's analysis, and the main result (that international exchange is mutually advantageous) remains intact. For more of this analysis, refer to Irwin, *Free Trade Under Fire*.

<sup>16</sup> David Ricardo and John Ramsay McCulloch, *The Works of David Ricardo*, (London: J. Murray, 1846), 145.

<sup>17</sup> Edward Mansfield and Helen Milner, *Votes, Vetoes, and the Political Economy of International Trade Agreements*, (Princeton University Press, 2012).

<sup>18</sup> Mansfield and Milner, *Votes, Vetoes, and the Political Economy of*

domestic political factors exert a strong impact on trade cooperation, further influencing international agreements.

Trade and international trade agreements often stimulate domestic interest and opposition due to trade being a critically important factor contributing to many countries' economies. Trade agreements can prompt significant domestic support or turmoil, depending on the proposed domestic benefits or fallbacks of the planned agreement. As such, governments may decide to conclude trade agreements in part because they provide domestic political benefits. Mansfield and Milner believe leaders trade off the constraining aspect of trade agreements in order to improve their domestic political fortunes.<sup>19</sup> This book was critical for the understanding and support of the argument made in this dissertation about the domestic political motivations behind forming the KAFTA, the JAEPA and the ChAFTA.

In sum, the existing research on the relationship between Australia and South Korea is mainly focused on the bilateral trade relations with respect to the KAFTA. Furthermore, research with regards to FTAs as a whole are solely focused on economic motivations for negotiating and entering into FTAs. However, this thesis argues that in the case of the KAFTA, these motivations are not representative of the full picture, and instead Mansfield and Milner's theory of domestic political motivations along with this thesis' addition of catalyst motivations better explain Australia's case.

The findings of the previous literature on both the KAFTA and FTAs as a whole imply that there is still much yet to be researched

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*International Trade Agreements*, 5.

<sup>19</sup> Edward Mansfield and Helen Milner, *Votes, Vetoes, and the Political Economy of International Trade Agreements*, (Princeton University Press, 2012).

on this topic. This dissertation aims to overcome the aforementioned limitations presented in the previous literature, which focus primarily on trade relations between South Korea and Australia, with little trade analysis or comparative analysis with other FTAs of its kind. For one, this dissertation not only analyses the trade relations between South Korea and Australia, it comparatively analyses this and the outcomes of the KAFTA with the JAEPA and the ChAFTA. The hypotheses presented after this analysis are corroborated with in-depth interview analysis and media analysis, along with a realist explanation from Mansfield and Milner's works. The lack of previous literature on this particular topic only highlights the significance of this piece and need for one of this kind in order to not only contribute to the academic field, but to potentially encourage future pieces on this topic. However, the few primary pieces available on the KAFTA listed above certainly served as a valuable foundation for the analysis presented in this thesis.

# III. Empirical Analysis of Free Trade

Growing world trade has helped lift standards of living and relationships between states around the world. The literature on free trade has increased in tandem with the effects of free trade and free trade agreements with trade policy also remaining a highly controversial topic. Ever since Adam Smith and David Ricardo studied and described the gains for trade in a particularly organised way, economists have stressed that the higher income that results from improved resource allocation is the main advantage of trade. However, economists have found increased evidence inclined towards trade not only helping to allocate existing resources properly, but also making those resources more productive. These productivity gains from trade also appear to be significant.<sup>20</sup>

The benefits of free trade have been analysed and praised for centuries by economists. However, of all the literature on the topic of free trade, arguably one of the most influential and responsible for launching the new science of political economy is Adam Smith's *Wealth of Nations* (1776). As was argued by Adam Smith, "All commerce that is carried on betwixt any two countries must

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<sup>20</sup> Douglas Irwin, *Free Trade Under Fire*, (New Jersey: Princeton University Press, 2005), 28–30.



necessarily be advantageous to both.”<sup>21</sup> Classic insights into the nature of economic exchanges being refined, along with the empirical evidence gathered over the past few decades by economists, have both contributed to our understanding of the advantages of free trade and the motivations behind it. Smith further argued that free competitive markets would direct the employment of capital and enterprise to those trades and industries where they were likely to be most productive. This would ensure the maximum level of economic welfare and promote social harmony.

The traditional case for free trade is based on the concept of gains from specialisation and exchange. This refers to countries who specialise in one or a few products to export, with which they will exchange with products in which their country is lacking, otherwise known as imports. This is because most countries do not produce for themselves even a fraction of the goods they require. This division of labour enables countries to increase their consumption and enjoy higher real incomes beyond that which would be possible if they attempted to be self-sufficient and produce everything for themselves. Specialisation further allows these countries to enjoy a much higher standard of living than otherwise and gives them access to a greater variety of goods and services. The clear reasons behind why a country would want to engage in free trade are stated by Adam Smith,

“What is prudence in the conduct of every family can scarce be folly in that of a great kingdom. If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better

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<sup>21</sup> Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*. (London, 1971), 511.

buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantage. The general industry of the country... will not thereby be diminished... but only left to find out the way in which it can be employed with the greatest advantage, when it is thus directed towards an object which it can buy cheaper than it can make.”<sup>22</sup>

Free trade enables countries, particularly smaller countries, to extend the effective size of their market, achieve a more refined division of labour, and reap a higher real income than they would if international exchange were limited by the governments of these countries through short-sighted policies.

Adam Smith’s work was analysed and further complimented by a successful London stockbroker by the name of David Ricardo, who developed a theory that came to be known as comparative advantage. Comparative advantage implies that a country could find it advantageous to import some goods even if it could produce those same goods more effectively than other countries. Conversely, a country would be able to export some goods even if other countries could produce them more efficiently. Ricardo believed that international economic relations based on the observance of the law of comparative costs,

“... Binds together, by one common tie of interest and intercourse, the universal society of nations through the civilised world. It is this principle which determines that wine shall be made in France and Portugal, that corn shall be grown

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<sup>22</sup> Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*. (London, 1971), 456–7.

in America and Poland, and that hardware and other goods shall be manufactures in England.”<sup>23</sup>

John Stuart Mill went on to describe the gains of trade in much greater detail in his book *Principles of Political Economy*.<sup>24</sup> Here he pointed to three main principal gains from trade. Firstly, there are the standard gains that arise from specialisation, as described by Smith and Ricardo, which was referred to by Mill as “direct economic advantages.”

Secondly, there are the “indirect effects” of trade, which Mill states, “... Must be counted as benefits of a high order.”<sup>25</sup> This is where trade improves economic performance not only by allocating a country’s resources to their most efficient use, but by making those resources more productive in what they are doing. These indirect efforts include,

“... The tendency of every extension of the market to improve the processes of production. A country which produces for a larger market than its own can introduce a more extended division of labour, can make greater use of machinery, and is more likely to make inventions and improvements in the processes of production.”<sup>26</sup>

Lastly, Mill argued that, “... Economic benefits of commerce are surpassed in importance by those of its effects which are

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<sup>23</sup> David Ricardo and John Ramsay McCulloch, *The Works of David Ricardo*, (London: J. Murray, 1846), 145.

<sup>24</sup> John Stuart Mill, *Principles of Political Economy*, (London: John W. Parker, 1848).

<sup>25</sup> John Stuart Mill, *Principles of Political Economy*, 389.

<sup>26</sup> John Stuart Mill, *Principles of Political Economy*, 226.

intellectual and moral.”<sup>27</sup> Many scholars believe this is a reference to Montesquieu’s observation that “commerce is a cure for the most destructive prejudices; for it is almost a general rule, that wherever we find agreeable manners, there commerce flourishes; and that wherever there is commerce, there we meet with agreeable manners.”<sup>28</sup> In other words, this is where trade brings people into contact with one another and subsequently breaks down the narrow prejudices that come with insularity.

A further factor said to influence the fulfilment of national ambitions in the sphere of international economic relations has been the limitations to the attainment of military and diplomatic objectives set by small armies, diplomatic conventions and weak administrations.<sup>29</sup> Gomes argues that no one state is able to exercise a permanent hegemony because power is evenly distributed in many ways across the international system and all states suffer to a lesser or greater degree from the same weaknesses. Thus, foreign trade is the main area of competition and conflict, and international relations are primarily defined by economic relations. This ties into the idea that economic relations affect security needs met by states as well.

Thus far, trade has been primarily analysed by the field of economics, and motivations behind forming international trade agreements are subsequently argued to be primarily economic motivations. With the help of Mansfield and Milner’s work, this dissertation furthers the argument that there are other, domestic political motivations behind forming free trade agreements.

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<sup>27</sup> John Stuart Mill, *Principles of Political Economy*, 119.

<sup>28</sup> Charles De Secondat Montesquieu, Jean Le Rond D’Alembert and Thomas Nugent, *The Spirit of Laws*, (T.C. Hansard, 1823), 346.

<sup>29</sup> Leonard Gomes, *The Economics and Ideology of Free Trade: A Historical Review*, (Edward Elgar Publishing Ltd., 2003).

## IV. KAFTA for Australia (Catalyst)

### IV.1 What is the KAFTA?

Korea and Australia have always had a history of strong trade; this relationship was further strengthened on December 12, 2014 with the ratification and implementation of the Korea-Australia Free Trade Agreement (KAFTA). The aim of the KAFTA was to remove certain barriers to trade and investment in order to make doing business between the two countries easier.<sup>30</sup> For Australia, as stated by the Australian Department of Foreign Affairs and Trade, “Australia... is expected to supply stable resources through strengthening of resource cooperation through FTA and expansion of investment stability.”<sup>31</sup> From Korea’s perspective, the KAFTA was expected to supply stable resources through the strengthening of cooperation and expansion of investment stability.<sup>32</sup> The agreement was considered to be mutually beneficial, as the KAFTA committed to protect and enhance investments in both directions.

Australia and South Korea are considered to be natural partners due to their many similarities, as they are both democracies

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<sup>30</sup> Department of Foreign Affairs and Trade, *Australia's Free Trade Agreements (FTAs)*, (2019), <https://dfat.gov.au/trade/agreements/Pages/trade-agreements.aspx> [Accessed 2 Jan. 2019].

<sup>31</sup> Department of Foreign Affairs and Trade, *Australia's Free Trade Agreements (FTAs)*.

<sup>32</sup> South Korea Free Trade Agreement 강국, 환-호주 자유무역협정 (FTA) 발효, (2019), <http://www.fta.go.kr/main/situation/kfta/lov5/au/> [Accessed 8 Apr. 2019].

with complementary economies and common strategic interests. The relationship between Australia and South Korea has been a strong one since Australia's involvement during the Korean War,<sup>33</sup> after which Australia and South Korea established full diplomatic relations in 1961. However, this relationship has significantly grown as of late, so much so that the two countries have become strong economic, political and strategic partners. This can be attributed in-part to the remarkable economic progress South Korea has made since the end of the Korean War.

South Korea is currently Australia's fourth largest trading partner, an economic partnership that was strengthened after the signing of the KAFTA. Two-way goods and services trade were worth approximately \$52.3 billion in 2017-18.<sup>34</sup> Trade volumes are expected to normalise throughout the course of this year (2019). This complementary trade relationship between Australia and South Korea includes South Korea importing Australian goods such as minerals, energy and travel and education services, and Australia

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<sup>33</sup> For a more comprehensive overview of the Korean War and Korean political history since the Korean War, refer to Australia's Republic of Korea country brief. According to the information from this site, the Australia-ROK relationship was strengthened by Australia's participation in the United Nations (UN) Commissions on Korea (beginning in 1947) and in the Korean War (1950-53). Approximately 17,000 Australian troops served under UN command (1950-56) and 340 Australians died during the Korean War. Following the end of hostilities in 1953, Australia became a member of the United Nations Committee for Unification and Rehabilitation of Korea, a position held until the dissolution of the Committee in 1973. The Australian effort in this war is arguably what started the relationship between South Korea and Australia. Department of Foreign Affairs and Trade, *Republic of Korea Country Brief*, (2019). <https://dfat.gov.au/geo/republic-of-korea/pages/republic-of-korea-south-korea-country-brief.aspx> [Accessed 5 Jan. 2019].

<sup>34</sup> Unit: \$AUD. This number was representative of 6.6 percent of all Australia's international trade throughout 2017 to 2018. Department of Foreign Affairs and Trade, *Republic of Korea Country Brief*.

importing such South Korean goods as passenger vehicles, petroleum, and electronic goods and parts.<sup>35</sup> The KAFTA is one of both Australia's and South Korea's most comprehensive trade agreements, claiming to deliver, "... Significant improvements in market access and tariff liberalisation for merchandise trade."<sup>36</sup>

Further trade and investment links, along with people-to-people and institutional links, are improving the relationship between Australia and South Korea on a daily basis. Cooperation between Australia and South Korea has not only strengthened the mutually beneficial trade relationship, it has contributed to efforts to strengthen the regional security and stability of their mutually occupied space, the Asia-Pacific region.

The economic success and stability of the relationship between these two countries is reliant on the stability of the region, meaning both countries are not only focused on developing relations with one another, they are invested in multiple relationships with other countries in the region. Australia has claimed this increased focus on improving relations with countries in Asia is an, "... Abiding priority in Australian foreign and trade policy".<sup>37</sup> Some institutions both countries are active in are the G20, Asia-Pacific Economic Cooperation (APEC), the East Asia Summit (EAS) and MIKTA

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<sup>35</sup> For a more extensive list of the imports and exports of the KAFTA, refer to the Australian Department of Foreign Affairs and Trade, *Republic of Korea Country Brief*.

<sup>36</sup> For further details regarding the KAFTA, refer to the Australian Department of Foreign Affairs and Trade (DFAT) Korea Australia Free Trade Agreement (KAFTA) website. The full KAFTA can also be accessed on this site.

<sup>37</sup> Department of Foreign Affairs and Trade, *Advancing the National Interest: Australia's Foreign and Trade Policy White Paper*, (Canberra: 2002), p. xv.

(Mexico, Indonesia, Korea, Turkey and Australia).<sup>38</sup> Both countries are also considered strong allies of the United States.

Whilst the relationship between the two countries is substantial, there is certainly room for growth. An inquiry into Australia's engagement with the Korean peninsula claims, "In addition to the already established trade in primary resources, energy and manufactured goods, there is potential for expansion in areas such as food and entertainment services, automotive parts, financial services, tourism and educational services as well as collaboration in research and development."<sup>39</sup> This potential for growth between the two countries should be encouragement for further growth in the studies undertaken about the relationship between South Korea and Australia.

## IV.2 Analysis of Economic Effects of the KAFTA, JAEPA and ChAFTA

Australia's economy is often described as a relatively small but open one, "... That has heavily based its economic growth on increasing exports, mostly natural resources and agricultural commodities, and

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<sup>38</sup> Department of Foreign Affairs and Trade, *Republic of Korea Country Brief*, (2019). <https://dfat.gov.au/geo/republic-of-korea/pages/republic-of-korea-south-korea-country-brief.aspx> [Accessed 5 Jan. 2019].

<sup>39</sup> For a full comprehensive list of the formal inquiry into Australia's engagement with the Korean peninsula, refer to Parliament of Australia, *Chapter 1: Australia's Engagement with the Korean Peninsula – Parliament of Australia*, (2019), [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Completed\\_Inquiries/jfadt/korea/chapter1](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Completed_Inquiries/jfadt/korea/chapter1) [Accessed 11 Feb. 2019].



foreign capital.”<sup>40</sup> The Abbott government secured three significant free trade agreements during 2014 and 2015 with Australia’s first, second and fourth largest trading partners – China, Japan and South Korea. These countries are all significant destinations for Australia’s national resource exports such as coal, iron ores, and copper ores in addition to a range of agricultural goods such as beef. Whilst economic returns from such trade treaties were the main source of justification for their efficacy and viability, there were perhaps other domestic political motivational factors at play that should be considered.

If one refers to Table IV-1<sup>41</sup>, one can see that Australia’s interest in bilateral trade agreements started in 1983 with the Australia–New Zealand Free Trade Agreement (also known as the ANZCERTA or CERA). Australia’s interest in bilateral trade agreements picked up again in 2003 and has been steady ever since. However, the most significant time for the support of bilateral trade came in the span of a year between December 2014 and December 2015, when Australia signed free trade agreements with South Korea, Japan and China.

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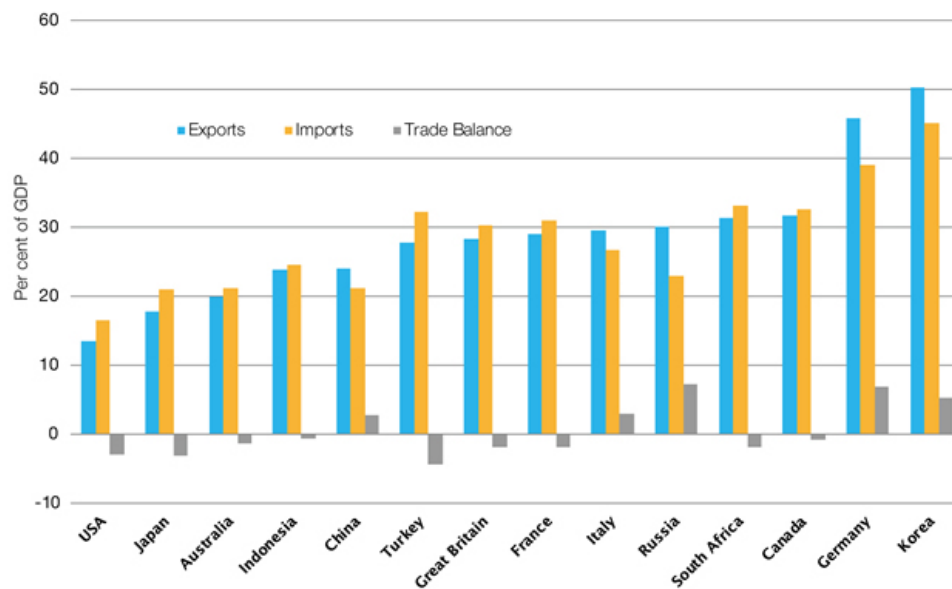
<sup>40</sup> Mahinda Siriwardana, *Australia’s New Free Trade Agreements with Japan and South Korea: Potential Economic and Environmental Impacts*, (Journal of Economic Integration: 2015), 617.

<sup>41</sup> For all corresponding dates and information relating to Free Trade Agreements made by Australia, refer to the Department of Foreign Affairs and Trade, *Australia’s Free Trade Agreements (FTAs)*, (2019), <https://dfat.gov.au/trade/agreements/Pages/trade-agreements.aspx> [Accessed 2 Jan. 2019].

FTA		Date Implemented
1	Australia-New Zealand (ANZCERTA or CERA)	1983.01.01
2	Singapore-Australia (SAFTA)	2003.07.28
3	Australia-United States (AUSFTA)	2005.01.01
4	Thailand-Australia (TAFTA)	2005.01.01
5	Australia-Chile (ACI-FTA)	2009.03.06
6	ASEAN-Australia-New Zealand (AANZFTA)	2010.01.01
7	Malaysia-Australia (MAFTA)	2013.01.01
8	Korea-Australia (KAFTA)	2014.12.12
9	Japan-Australia (JAEPA)	2015.01.15
10	China-Australia (ChAFTA)	2015.12.20
11	Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	2018.12.30

<Table IV-1> Australia's Free Trade Agreements

Whilst Australia is often thought of as a trading nation, Australia is a relatively small player in terms of its contribution to world trade. This is because the country's lack of land borders reduces the amount of local international trade compared with other countries. Figure IV-1<sup>42</sup> shows exports, imports and trade balances as a proportion of GDP for a selection of G20 members, including South Korea, Japan and China.



<Figure IV-1> Exports, Imports and Trade Balance as a Proportion of GDP in Select G20 Economies.

<sup>42</sup> For further economic analysis on Australia's trade in figures, with particular emphasis on Australia's trade as a share of GDP, refer to the Parliament of Australia, *Trade in Goods and Services (Indicator)*, (2019), [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BriefingBook45p/AustraliaTrade](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook45p/AustraliaTrade), [Accessed 14 Jan. 2019].

Nevertheless, Australia's integration with the world economy is growing and remains strong. Table IV-2<sup>43</sup> shows Australia's ten largest trading partners.

	Goods and Services		Total	Share (%)
	Exports	Imports		
<b>China</b>	123,274	71,346	194,620	35
<b>Japan</b>	51,328	26,267	77,595	14
<b>United States</b>	21,424	48,752	70,177	12.7
<b>South Korea</b>	23,628	28,674	52,303	9.4
<b>India</b>	21,145	7,971	29,116	5.3
<b>New Zealand</b>	14,370	13,905	28,275	5.1
<b>United Kingdom</b>	11,757	16,036	27,793	5
<b>Singapore</b>	13,164	14,610	27,773	5
<b>Thailand</b>	6,610	18,078	24,688	4.5
<b>Germany</b>	4,170	18,185	22,355	4
<b>Total two-way trade (with top 10)</b>	<b>290870</b>	<b>263770</b>	<b>554745</b>	

<Table IV-2> Australia's Top 10 Trading Partners (2017-18 AUS \$ million)

<sup>43</sup> Information for this table was made through compiling data found from source: Department of Foreign Affairs and Trade, *Australia's Top 10 Two-Way Trading Partners*, (2017-18), <https://dfat.gov.au/trade/resources/trade-at-a-glance/Pages/default.aspx>, [Accessed: 2 Feb. 2019]. Interactive maps help with the understanding of each trading partner's trade benefits for Australia.

Figure IV-2<sup>44</sup> and Table IV-3<sup>45</sup> show the bilateral trade between Australia and South Korea from 2012 to 2018.<sup>46</sup>



<Figure IV-2> Australia's Merchandise Trade with South Korea

Year	Exports	Imports	Total Trade
2013-14	22,668	12,695	35,362
2014-15	20,613	15,112	35,725
2015-16	19,971	14,159	34,130
2016-17	22,761	15,854	38,616
2017-18	23,628	28,674	52,303

<Table IV-3> Australia's Goods and Services Trade with South Korea (AUS \$ Million)

<sup>44</sup> Australian Government, Department of Foreign Affairs and Trade, *General Information Economic Indicators: Republic of Korea*, (Feb. 2019), <https://dfat.gov.au/trade/resources/Documents/rkor.pdf>, [Accessed: 4 Mar. 2019].

<sup>45</sup> Department of Foreign Affairs and Trade, *Australia's Top 10 Two-Way Trading Partners*, (2017-18), <https://dfat.gov.au/trade/resources/trade-at-a-glance/Pages/default.aspx>, [Accessed: 2 Feb. 2019].

<sup>46</sup> Over this period, a substantial growth in trade seems to have taken place, with exports to South Korea remaining relatively steady but imports increasing significantly between 2016 and 2018.

Figure IV-3<sup>47</sup> and Table IV-4<sup>48</sup> show the bilateral trade between Australia and Japan from 2012 to 2018.<sup>49</sup>



<Figure IV-3> Australia's Merchandise Trade with Japan

Year	Exports	Imports	Total Trade
2013-14	50,972	21,276	72,248
2014-15	46,444	21,291	67,734
2015-16	37,975	22,577	60,553
2016-17	44,455	24,064	68,519
2017-18	51,328	26,267	77,595

<Table IV-4> Australia's Goods and Services Trade with Japan (AUS \$ Million)

<sup>47</sup> Australian Government, Department of Foreign Affairs and Trade, *General Information Economic Indicators: Japan*, (Feb. 2019), <https://dfat.gov.au/trade/resources/Documents/japan.pdf>, [Accessed 4 Mar. 2019].

<sup>48</sup> Department of Foreign Affairs and Trade, *Australia's Top 10 Two-Way Trading Partners*, (2017-18), <https://dfat.gov.au/trade/resources/trade-at-a-glance/Pages/default.aspx>, [Accessed: 2 Feb. 2019].

<sup>49</sup> Exports to Japan have shown a steady growth after a steady increase since the signing of the JAEPA, with imports remaining similar over the whole period.

Figure IV-4<sup>50</sup> and Table IV-5<sup>51</sup> show the bilateral trade between Australia and China from 2012 to 2018.<sup>52</sup>



<Figure IV-4> Australia's Merchandise Trade with China

Year	Exports	Imports	Total Trade
2013-14	99,986	52,599	152,585
2014-15	85,070	59,517	144,587
2015-16	87,829	64,232	152,061
2016-17	110,012	64,230	174,242
2017-18	123,274	71,346	194,620

<Table IV-5> Australia's Goods and Services Trade with China (AUS \$ Million). Source: Australian Government, Department of Foreign Affairs and Trade

<sup>50</sup> Australian Government, Department of Foreign Affairs and Trade, *General Information Economic Indicators: China*, (Feb. 2019), <https://dfat.gov.au/trade/resources/Documents/chin.pdf>, [Accessed: 4 Mar. 2019].

<sup>51</sup> Department of Foreign Affairs and Trade, *Australia's Top 10 Two-Way Trading Partners*, (2017-18), <https://dfat.gov.au/trade/resources/trade-at-a-glance/Pages/default.aspx>, [Accessed: 2 Feb. 2019].

<sup>52</sup> After a slight decrease over a couple of years for exports, both imports and exports have been increasing steadily as of more recently.

According to the Australian Department of Foreign Affairs and trade, the purpose of the KAFTA was to put Australian exports and exporters at a level to compete with products and producers from the United States and the European Union, Australia's largest export competitors. According to the Asian Journal of Shipping and Logistics, the KAFTA sets Korean tariffs at zero for 84 per cent (by 2013 import value) of Australian exports on day one of KAFTAs operation, rising to 95.7 per cent within 10 years and 99.8 per cent once the KAFTA is fully implemented. The KAFTA sets Australian tariffs at zero on 86 per cent of Korean exports from day one, rising to 100 per cent in eight years. By 2033, 99.7% of Australian exports will be tariff free, and by 2021, 100% of Korean exports will be tariff free.<sup>53</sup>

The Australia-Korea Business Council claims that some tariffs will be phased out over time, with others being removed immediately after implementation, as was the case.<sup>54</sup> Korean exports include motor vehicles and parts, steel products and textiles, white goods, chemicals, footwear and clothing, as well as plastics and textiles.<sup>55</sup> Australian exports that have benefited from the KAFTA include beef, wheat, dairy, sugar, wine, horticulture, seafood, oil seeds, grapes,

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<sup>53</sup> Kwesi Atuafu Quansah and Woo Chul Ahn, *The Effect of the Korea-Australia Free Trade Agreement (KAFTA) on the Korea-Australia Trade Structure*, (The Asian Journal of Shipping and Logistics, 2017), 230.

<sup>54</sup> Although most of the information from this source was itself sourced from the Australian Department of Foreign Affairs and Trade, it was still useful in its summarisation of many facts. Australia Korea Business Council, *Korea Australia Free Trade Agreement (KAFTA)*, (2014-15), <https://akbc.com.au/korea-australia-free-trade-agreement-kafta/>, [Accessed: 5 May. 2019].

<sup>55</sup> Australian Government, Department of Foreign Affairs and Trade, *Korea Australia Free Trade Agreement*, (2019), <https://dfat.gov.au/trade/agreements/in-force/kafta/Pages/korea-australia-fta.aspx>, [Accessed 2 Feb. 2019].



cherries, mangoes and other manufactured goods.<sup>56</sup>

In the name of progressive liberalisation and globalisation, some Australian industry has been negatively affected by the KAFTA through the introduction of competitive Korean products to the Australian market, including motor vehicles and parts, steel products and textiles, plus footwear and clothing.

Australian Industry Group's chief executive, Innes Willox, said the agreement would mean 88% of Australian goods would be able to be exported to Korea tariff-free post-agreement, but the corresponding abolition of Australian tariffs on Korean goods would mean an increase in competition for Korean goods in the Australian market. This was met with much protest from Australian industry, particularly in the affected areas.<sup>57</sup> The agreement has famously been dubbed "a cars for cows deal" by the Australian Manufacturing Workers' Union.<sup>58</sup> The Australian Trade and Investment Minister, Andrew Robb, claimed the agreement would double Australia's beef exports to Korea by 2030, with many other industries also benefiting highly from the agreement.<sup>59</sup>

However, when one examines the tables and figures presented above, it can be shown that despite the KAFTA being hailed as providing a significant economic advantage to Australia, it has not been that way. In fact, bilateral trade between South Korea

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<sup>56</sup> Australian Government, Department of Foreign Affairs and Trade, *Korea Australia Free Trade Agreement*.

<sup>57</sup> Daniel Hurst, Free Trade Deal with South Korea, (2014), <https://www.theguardian.com/world/2014/feb/17/free-trade-deal-with-south-korea-will-help-australian-beef-producers> [Accessed 12 Apr. 2019].

<sup>58</sup> McRobert, K. (2014). *KAFTA 'cars for cows' deal questioned*.

<sup>59</sup> Daniel Hurst, Free Trade Deal with South Korea, (2014), <https://www.theguardian.com/world/2014/feb/17/free-trade-deal-with-south-korea-will-help-australian-beef-producers> [Accessed 12 Apr. 2019].

and Australia decreased after the KAFTA was signed and has only begun to pick up as of 2018.

The JAEPA and the ChAFTA, when examined separately, have a similarly lacklustre economic impact, despite both of these free trade agreements being marketed at the time of their negotiations as having the potential to significantly benefit bilateral trade. If these free trade agreements were purely made for economic purposes, then considering China, Japan and South Korea's respective economic importance to Australia, their respective free trade agreements would have been made in that order.

However, if one refers to Table IV-6<sup>60</sup>, one can notice that the free trade agreements made by Australia with these three countries were done in reverse order to what would be expected. The negotiations were made as expected in order of economic importance to Australia, with China FTA negotiations starting in 2005, Japan FTA negotiations starting in 2007 and South Korea FTA negotiations starting in 2009. However, contrary to this, the order of negotiation rounds and end of negotiations from the least and the earliest goes from South Korea, then Japan to China, which is the exact opposite of their order of economic significance to Australia.

This leads to the assumption furthered by Mansfield and Milner that there must have been other motivations for forming the KAFTA, considering the ease of negotiations compared to the more significant JAEPA and ChAFTA. In the following section, these motivations will be defined as domestic political motivations and will be explored through reference to media and interview analysis.

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<sup>60</sup> Department of Foreign Affairs and Trade, *Australia's Free Trade Agreements (FTAs)*, (2019), <https://dfat.gov.au/trade/agreements/Pages/trade-agreements.aspx> [Accessed 2 Jan. 2019].

	Negotiations	End of Negotiations (Ratification)	Put into Effect
<b>KAFTA</b>	2009.05 – 2010.05 (5 rounds)	2013.12.05	2014.12.12
<b>JAEPa</b>	2007.04.24 – 2012.06.15 (16 rounds)	2014.07.08	2015.01.15
<b>ChAFTA</b>	2005.05.23 – 2014.11.17 (21 rounds)	2015.06.17	2015.12.20

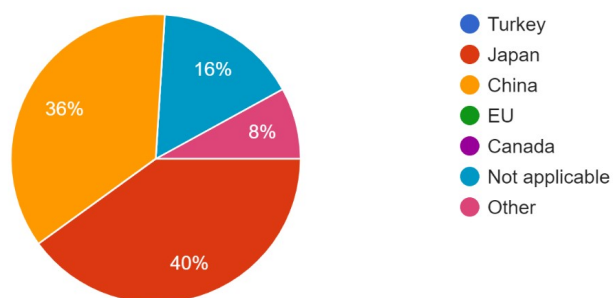
<Table IV-6> Dates of Negotiation, Ratification and Implementation of the KAFTA, JAEPa and ChAFTA

### IV.3 Domestic Benefits of the KAFTA

This section of the thesis seeks to shed light on the anomalies mentioned throughout the thesis of the KAFTA when compared to the JAEPa and the ChAFTA, and how these showcase Australia's domestic political motivations for forming the KAFTA. These thoughts are further explained in detail using the works of Mansfield and Milner. Firstly, a survey was conducted to solidify the claim that Australia was focusing on ratifying free trade agreements with Japan and China after the one made with South Korea. As can be seen in Figure IV-5, the results from the survey show the sentiment of industry professionals that this was the case.

After Korea, who do you think Australia was thinking of as their next best option for forming an FTA with?

25 responses



<Figure IV-5> Predicted Next FTA for Australia

International trade agreements have played an important role in the global political economy for hundreds of years, and that role is one that is growing exponentially today. Free trade agreements (FTAs) are a subgroup of a larger definition of international agreements known as a preferential trading area (PTA). The key difference between these two is that where PTAs serve to reduce tariffs but not completely eliminate them, FTAs aim to eliminate tariffs completely over a certain course of time. Mansfield and Milner take reference from multiple scholars to summarise the five different types of PTAs:

1. Preferential agreement (PA), where each participant is granted preferential access to particular segments of the other members' markets. Trade barriers on certain products are lowered by each member and these concessions are not extended to third parties. The initial Association of Southeast Asian Nations (ASEAN) agreement involving Indonesia, Malaysia, Philippines, Singapore, and Thailand in 1977 was such an accord. It was upgraded to an FTA in 1992.
2. Free trade area (FTA), in which an agreement is made where the trade barriers on most (if not all) products within the agreement are reduced or completely eliminated. Among the most prominent FTAs are the NAFTA and both ASEAN (since 1992) and the SADC (since 2000).
3. Customs unions (CUs), where arrangements are made in which members eliminate trade barriers on other participants' goods and impose a common external tariff (CET) on imports from third parties.
4. Common market (CM) is a CU that is augmented by similar product regulations and the free flow of factors of production among members.
5. An economic union is a common market whereby members also coordinate fiscal and monetary policies.<sup>61</sup>

Due to the nature of the KAFTA, JAEPA and ChAFTA being free trade agreements, this type of PTA will be the focus of discussion in this dissertation. Generally, PTAs are all formed with

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<sup>61</sup> Edward Mansfield and Helen Milner, *Votes, Vetoes, and the Political Economy of International Trade Agreements*, (Princeton University Press, 2012), 1-22.

the same purpose (to trade freely) and the five types listed above simply vary in their degrees of integration. Free trade agreements (FTAs) are defined by Mansfield and Milner as, “A set of institutions that are designed to foster economic integration among member-states by improving and stabilising each member’s access to other participants’ markets”<sup>62</sup> by reducing tariffs with the end goal of removing tariffs on certain products all together over a designated timeframe.

Over the past half century, the negotiation and implementation of multiple FTAs has increased significantly, with Asia being considered as the last frontier, as countries in this region have been much slower to sign FTAs when compared to other countries. Free trade agreements often regulate many types of trade and many aspects of international economic relations, whilst also affecting trade in, “... Manufactures, agriculture, and services, as well as foreign investment, labour rights, and environmental practises.”<sup>63</sup> It is generally accepted that FTAs are the dominant method of regulating international economic relations outside of the World Trade Organisation (WTO). As stated by Mansfield and Milner, “Despite the importance of FTAs to the international trading system, we lack an adequate understanding of why and when governments choose to enter these institutions.”<sup>64</sup>

Mansfield and Milner argue that certain domestic political factors exert a strong impact on trade cooperation, further influencing international agreements. Trade and international trade

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<sup>62</sup> Mansfield and Milner, *Votes, Vetoes, and the Political Economy of International Trade Agreements*, 1.

<sup>63</sup> Mansfield and Milner, *Votes, Vetoes, and the Political Economy of International Trade Agreements*, 2.

<sup>64</sup> Mansfield and Milner, *Votes, Vetoes, and the Political Economy of International Trade Agreements*, 4.

agreements often stimulate domestic interest and opposition due to trade being a critically important factor contributing to many countries' economies. Trade agreements can prompt significant domestic support or turmoil, depending on the proposed domestic benefits or fallbacks of the planned agreement. As such, governments may decide to conclude trade agreements in part because they provide domestic political benefits. Mansfield and Milner believe leaders trade off the constraining aspect of trade agreements in order to improve their domestic political fortunes.<sup>65</sup> Motivations for leaders to sign trade accords are fairly obvious: they favour policy that will help them or their party to remain in power. Domestic politics further affect why and when states have cooperated to form FTAs due to their significance for the politics at home. It has therefore been hypothesised by Mansfield and Milner that democratic countries are more likely to enter into FTAs than nondemocratic regimes.

In Mansfield and Milner's (2012) book they develop a rationalist theory to explain why governments negotiate PTAs. They argue that political leaders focus on how trade agreements can reassure the public and domestic groups about their decision making, but that they also worry about the domestic costs involved in ratifying agreements. Mansfield and Milner argue that balancing these two forces is central to a decision maker's calculations regarding whether to sign an FTA. Absent in current literature, they argue that regime type and veto players (those groups that can block policy change) are two distinct elements of a country's domestic political institutions. Regime type is linked to the degree of political –

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<sup>65</sup> Mansfield and Milner, *Votes, Vetoes, and the Political Economy of International Trade Agreements*, 1–22.

especially electoral – competition, while veto players affect the checks and balances in the executive branch.

With specific reference to regime type, and political/electoral competition, elections in which leaders can be replaced is the core of democracy, and Mansfield and Milner argue that democracies have greater reason to enter FTAs than other nondemocratic states. Whilst many regimes have elections, not all of these elections entail the leader will be removed from office. Mansfield and Milner therefore further argue that greater political competition for office in democracies could lead to motivating leaders to sign international trade agreements to benefit them in these such elections. This is because free and fair elections have the greatest influence on the behaviours of democratic leaders if the public and interest groups care about the policy choices made by these leaders. The degree of electoral competition directly affects leaders' domestic political incentives.

As is hypothesised by Mansfield and Milner, as the fate of a government becomes more dependent on free and fair elections, its leaders derive increasing gains from FTAs, prompting public officials to engage in greater cooperation with other countries on commercial issues. Hence, the probability of a country concluding a trade agreement rises as its domestic institutions grow more democratic. They theorise that,

“The greater electoral constraints faced by democratic heads of government influences them to be more cooperative internationally than their nondemocratic counterparts. The reassurance that FTAs provide to societal groups in democracies helps alleviate the concern that some voters and



free trade interest groups have about governments yielding too much to protectionist demands.”<sup>66</sup>

The argument is not so much that democratic leaders have a greater preference for free trade than leaders in other regimes, but that democratic leaders are more likely to join PTAs than other governments because electoral competition creates an incentive for them to do so. Participating in a trade agreement reassures the public and interest groups favouring trade that executives will refrain from overprotecting special interests and thereby enhancing the leader’s political support.

Free trade agreements allow leaders to convince voters that they are generally abiding by the terms of the international agreement and their policies are thus not responsible for any economically difficult times. These leaders are therefore more likely to be re-elected even during economic downturns. This incentivises politicians to enter into more free trade agreements the more political competition they have at home due to these FTAs providing a sense of reassurance of the policy of the government in power. This transparency of information can increase support for political leaders, helping them to remain in office. This is desirable, as governments generally want to remain in power.

Veto players affect the formation of FTAs in that as the number of veto players increases, so does the likelihood of at least one of them affecting the ratification of the FTA. This is costly for political leaders, as they either have to ratify the agreement to appease these veto players or provide incentives for the veto groups

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<sup>66</sup> Mansfield and Milner, *Votes, Vetoes, and the Political Economy of International Trade Agreements*, 23–69.

to accept the agreement. The best course of action is to have an agreement with as little veto players or groups opposing it as possible. The more there are, the greater the transaction cost is, and the less likely leaders are to enter into trade agreements.

Mansfield and Milner argue that a government should realise an increase in political support as a result of signing an FTA. More specifically, since FTAs help leaders overcome domestic political problems, leaders who sign them should have a longer tenure in office than those who do not sign such agreements. This thesis will second this argument with a few additions due to the slightly different political system of Australia. Rather than leaders themselves being re-elected, the party responsible for the successful ratification and implementation of an FTA will be acknowledged for doing such, and therefore lead to successful campaigning for their party and in most cases re-election. Governments use the ratification of free trade agreements to reassure the populace that they have not mismanaged the economy. Therefore, the argument made by Mansfield and Milner is that political leaders enter into FTA deals because joining a preferential grouping yields domestic political benefits for heads of state that are difficult to obtain through unilateral policy measures.

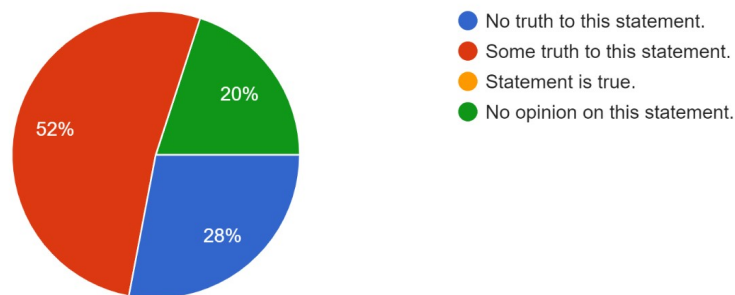
For a trade agreement to occur from a rationalist perspective, governments and certain domestic groups have to find the accord which is preferable to the lack of one. To be rational instruments, agreements must provide net benefits to some domestic groups in all of the participating countries and subsequently provide significant economic benefits to the countries involved. Equally, the governments involved must decide that the benefits from concluding the agreement will exceed the associated costs. A rational

government will only cooperate if the expected benefits provided by the agreement exceed the costs of negotiating and ratifying it. These benefits and costs are argued to be political, rather than the commonly perceived economic costs.

When the interviewees were presented with the hypothetical question, actually being the hypothesis of this thesis: “In Australia, some argue Australia approached South Korea to form an FTA to get the attention of other countries. How truthful do you think this is?” The results of the 25 survey respondents are shown in Figure IV-6, which shows that as predicted, none of the respondents claimed the statement to be true, but the vast majority claimed there was some truth to the statement. This shows that the majority of professional sentiment on the KAFTA reflects that of the conclusions made in this thesis. The answers of each interviewee are discussed further below.

**In Australia, some argue Australia approached Korea to form an FTA to get the attention of other c... How truthful do you think this is?**

25 responses



<Figure IV-6> Testing Hypothesis on Survey Participants (KAFTA-JAEPA-ChAFTA)

Interviewee 1 was able to acknowledge that many Australians give more favour towards Japan, China, Japanese products and Chinese products as they do not know much about South Korea. They believed this has come about after a long and relatively slow relationship of building mutual trust and respect. The majority of the Australian population all have a basic knowledge of Japanese and Chinese culture and language, due to it being taught in most schools, with Interviewee 1 further claiming, “Awareness about subsequent business with South Korea simply cannot compete.” However, they were of the belief this is slowly beginning to change.

Interviewee 2 claims that in conversations with primary producers and their representatives, “There was an aspiration that a good outcome in Korea would reassure other Asian nations. Some nations, namely Japan, are known not just for their strong economy and desirable partnership, but also for their impenetrable culture when it comes to forming partnerships.” With the case of Australia-Japan relations, from the experience of this interviewee, they were going slow and steady, but Australia wished they were developing at a faster pace, and Australia could have potentially used the Free Trade Agreement with South Korea as a prompt for Japan to speed relations along. This is further applicable to Australia’s relations with China.

Interviewee 3 agreed with the idea that Australia could have been using the Free Trade Agreement with South Korea as a catalyst to prompt Japan or China into forming their own FTA with Australia. They claimed, “South Korea is not a key strategic market for Australian government and businesses, despite our two-way trade being the fourth largest out of all trading partners. However, there may have been FTA synergy for Australia, at least seemingly from

the outside, to enter into FTAs with South Korea, China and Japan. Therefore, I support this assertion to some extent.” This interviewee, with more experience in Australian domestic politics, further claimed there may have been a domestic political intention behind this FTA, “The Abbott government at the time was entering an election season and the Trade Minister at the time, Andrew Robb MP, was about to retire and he may have wanted to ‘seal the deals’ under his ministership.” With this in mind, the concept of South Korea being used to prompt Japan into signing an FTA would take on a new urgency due to the impending time limitations.

This links directly to the theorisation made by Mansfield and Milner that there are domestic political motivations behind countries forming free trade agreements. It is interesting to note here that the Australian domestic political significance of ratifying the KAFTA, and then the JAEPA and the ChAFTA takes on more importance when one realises the timeframe they were aiming to end negotiations was between the 2013 election and 2016 election.

Considering Australia’s election system where one party can be elected for an indefinite amount of time, with specific reference to Mansfield and Milner stating this means the party will have more motivation to sign a free trade agreement to prove itself, the importance of the KAFTA is further highlighted. As this paper further theorises, the KAFTA was used as a catalyst for forming free trade agreements with Japan and China as a way of ratifying as many significant free trade agreements as possible within a short time frame before the election period.

With reference to Table IV-7<sup>67</sup>, the leading party at the time,

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<sup>67</sup> Department of Foreign Affairs and Trade, *Australia's Free Trade Agreements (FTAs)*, (2019),

the Liberal National Coalition, can be seen to have ratified 8 of the 11 free trade agreements today. However, at the time of the KAFTA negotiations, they were almost even with the opposition party for the number of free trade agreements successfully ratified and implemented. As can be seen in Table IV-7, not only has the KAFTA, JAEPA and ChAFTA solidified the reputation of the Liberal National Coalition as the government with the most amount of free trade agreements ratified under their guidance, according to Mansfield and Milner, this has helped guarantee their success in being re-elected (including the recent election of May/June 2019).

Free Trade Agreement	Ratification Date	Political Party in Power
Australia–New Zealand (ANZCERTA or CERA)	1983.01.01	Labor
Singapore–Australia (SAFTA)	2003.07.28	Liberal National
Australia–United States (AUSFTA)	2005.01.01	Liberal National
Thailand–Australia (TAFTA)	2005.01.01	Liberal National
Australia–Chile (ACI-FTA)	2009.03.06	Labor
ASEAN–Australia–New Zealand (AANZFTA)	2010.01.01	Labor
Malaysia–Australia (MAFTA)	2013.01.01	Liberal National
Korea–Australia (KAFTA)	2014.12.12	Liberal National
Japan–Australia (JAEPA)	2015.01.15	Liberal National
China–Australia (ChAFTA)	2015.12.20	Liberal National
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	2018.12.30	Liberal National

<Table IV-7> Australia's Free Trade Agreements and the Political Parties Responsible for their Completion

This theory can be further solidified when one examines the media surrounding the Minister for Trade and Investment at the time for the Liberal National Coalition Government, Andrew Robb, along with the respective Abbott-led Liberal National Coalition Government. Domestically, Andrew Robb became famous for

finalising the Free Trade Agreements with South Korea, then Japan and China. Media at the time started the phrase “clinched the deal” when referring to Andrew Robb, which is a phrase that is still associated with his name (i.e. Andrew Robb, the minister who clinched the Free Trade Agreement with China/Japan/South Korea). He and his deeds are also often referred to as “historic”. Former Minister Robb now runs a private consulting business based on providing services in trade and investment in the Asia Pacific. The business’ web site states, “Until his recent retirement from politics, Andrew Robb was Australia’s Minister for Trade and Investment. In this role Mr Robb negotiated Free Trade Agreements with South Korea, Japan and China.”<sup>68</sup> With regards to the Liberal National Coalition, which is the central-right, more conservative party in Australian politics, they claim on their website,

“Since 2013, the Coalition Government has pursued the most ambitious trade strategy in Australia’s history. The benefits of our trade strategy are also demonstrated by the fact that Australia has recorded 27 years of uninterrupted economic growth. There is no accident or coincidence in this – our commitment to free trade and investment has driven economic growth.”<sup>69</sup>

With reference to Mansfield and Milner’s theorisation, democratic governments will use free trade agreements to reassure

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<sup>68</sup> Andrew Robb, *Trade and Investment in Asia Pacific Services*, (2019), <https://www.andrewrobb.com.au/>, [Accessed: 24 May. 2019].

<sup>69</sup> Liberal National Party, *Our Plan for Trade and Investment*, (2019), <https://www.liberal.org.au/our-plan-trade-and-investment>, [Accessed: 15 Mar. 2019].



their populace of the party's economic reliability. Not only did the Liberal National Coalition do this through ratifying the KAFTA, and arguably using this as a catalyst to ratify the JAEPA and the ChAFTA, they are still using this legacy in their policy to continue to be elected today.

However, Interviewee 4 believed, "Due to the limited benefits or opportunities to enter the South Korean market offered to certain Australian agricultural products not included in the tariff-free section of the KAFTA, this sentiment doesn't make any sense." They believed it would be illogical for Australia to aimlessly make a Free Trade Agreement with South Korea if they did not completely benefit. During this section of the interview, a debate ensued about the benefits outweighing the losses, and the potential compromises that Australia would have had to make if they were potentially looking beyond the simple benefits provided by the FTA to the more significant potential benefits of another FTA. This interviewee would only agree with this statement of Australia's strategic motivations if it were referred to as a "hypothetical situation." This only further accentuates the point made by this thesis that these strategic domestic political motivations for Australia were significant, but have not been researched due to being deemed insincere and thus taboo.

Interviewee 5 simply found the statement to be intriguing. They claimed that due to their lack of knowledge on Australian trade motivations, they could not necessarily speak from Australia's perspective, but from South Korea's perspective, there is certainly a very strong economic rivalry with Japan and China, which has been present for many years. The question was then asked of what do they think would happen if South Korea was in Japan's position? As in, if Australia was making a free trade agreement with South Korea,

which was taking much longer than anticipated, how do they think South Korea would react if Australia suddenly completed negotiations on a free trade agreement with Japan or China with plans to implement it immediately? “I think South Korea would be very inclined to meet whatever needs Australia had to get things moving and complete the FTA as quickly as possible.”

When the interviewees were asked what they believed would have happened to the KAFTA should Australia have never negotiated or shown any interest in negotiating an FTA with Japan or China, there seemed to be some confusion. As stated by Interviewee 3, “I find it difficult to even think of the idea, considering Japan has just always seemed to be number 1 for Australia, if one doesn’t consider China. Culturally, Japan is number 1.” Interviewee 2 had more of a hypothetical answer to this question, claiming, “If we are moving into really hypothetical grounds here, my instant reaction is to say that Australia would not have had any interest in South Korea. Because if they have no interest in Japan or China, then that would be an indication that they would not be interested in that Northern part of the Asia-Pacific region at all. So, I would say that if they don’t want Japan or China, they don’t want South Korea.” This was not necessarily contradicted by Interviewee 5, but they furthered the claim by saying, “I don’t necessarily think they would be disinterested in South Korea if they weren’t interested in Japan or China, but I definitely think the KAFTA would have come later. Much, much later.”

From the deep interview analysis conducted for this dissertation, it is interesting to note two things. Firstly, through the data collection from survey analysis presented in the figures above, it can be seen that the general consensus is that Australian sentiment

shows Japan and China were on Australia's radar for forming an FTA directly after South Korea. This was shown through the data collected from the surveys, and secondly in the hypothetical questions posed and answers received in the interviews. This brings forward the question that leads to the first hypothesis central to the discussion made by this dissertation: if Japan and China are of more strategic importance to Australia than South Korea, why was the KAFTA easier to negotiate, and ratified and implemented before the JAEPA and the ChAFTA?

To answer this question, this paper develops further on Mansfield and Milner's theory that countries have domestic political motivations for forming free trade agreements to suggest that the KAFTA was used as a catalyst for forming the JAEPA and ChAFTA in order for the Australian government at the time to negotiate as many free trade agreements as possible in a short amount of time for maximum domestic political benefit.

This section thus far has aimed to provide a basis for proving that Australia's motivations for forming the KAFTA was to provide a catalyst for Japan and China to finalise negotiations and agree to ratify and implement the JAEPA and ChAFTA. This can be seen in the similarities of the end of negotiations and implementation dates of the KAFTA, the JAEPA and the ChAFTA despite the considerably longer negotiation period and number of negotiation sessions of the JAEPA and the ChAFTA compared to the KAFTA. This sentiment is furthered in the interview analysis, where interviewees agreed that Australia was not only more interested in forming an FTA with Japan and China than South Korea, they further agreed that Australia had significant strategic motivations for creating a catalyst to help form an FTA with Japan and China, of which the FTA with South Korea

played a part.

If the necessary funding needed to accurately analyse this section were to be obtained, interviews would be included from Andrew Robb, along with Tony Abbott and any other influential Australian politicians during the time the KAFTA, JAEPA and ChAFTA were being negotiated. It would also be ideal to interview the leaders of the opposition team at the time in order to represent the “veto powers”, as is mentioned by Mansfield and Milner.

A more in-depth analysis of the media coverage at the time would be further conducted, searching for the connections between keywords such as “Andrew Robb”, “Tony Abbott”, “Liberal National Coalition”, “Korea Australia Free Trade Agreement”, “KAFTA”, “Japan Australia Economic Partnership Agreement”, “JAEPA”, “China Australia Free Trade Agreement”, and “ChAFTA”. The connection of these words in search results and the media during the timeframe of 2013 until present 2019 would also be compared and whether there is any correlation in an increase in these keywords with the ratification of the KAFTA, the JAEPA, the ChAFTA, as well as the federal election periods during 2016 and 2019 would be analysed.

## V. Conclusion

The goal of this paper was to explain the disparities in the data when one examines the Korea Australia Free Trade Agreement, and the supposed economic motivations behind forming this agreement. The examples of the Korea Australia Free Trade Agreement (KAFTA), and the subsequent Japan Australia Economic Partnership Agreement (JAEPA) and China Australia Free Trade Agreement (ChAFTA) were used to bolster Mansfield and Milner's theory that countries enter into free trade agreements for domestic political benefits. This dissertation argued that due to the ease of negotiations of the KAFTA, it was then used as a catalyst for the JAEPA and the ChAFTA to bolster the reputation of the former Prime Minister Tony Abbott, the former Minister for Trade and Investment Andrew Robb, and their respective party the Liberal National Coalition (LNP).

This dissertation firstly conducted extensive research on FTA and KAFTA literature and found there to be a lack of research on the topic. There was a plethora of information on the economic negotiations behind forming FTAs, but nothing beyond Mansfield and Milner's work, along with other brief mentions of motivations behind negotiating international agreements. With regards to the KAFTA, the literature was likewise focused primarily on trade analysis or the analysis of economic effects of the KAFTA and there was no empirical analysis on the reasons behind why the KAFTA was formed beyond this. This called for further research on the topic and was the initial inspiration for this dissertation.

To further consolidate the hypothesis of this thesis that Australia was focused on forming free trade agreements with South Korea, Japan and China, a survey was conducted and distributed to industry professionals and a portion of the analysis presented in this dissertation consolidates this concept. This data was then compared to the timelines of the KAFTA, JAEPA and ChAFTA, and the disparity in their negotiation and implementation dates was highlighted. The subsequent research questions were asked: if Japan and China are of more important to Australia than South Korea, why was the KAFTA formed before the JAEPA and the ChAFTA?

To further the reasoning behind the asking of this question, this dissertation analysed the economic impact of the KAFTA, JAEPA and ChAFTA to Australia respectively. It found that there was a negative economic impact on bilateral trade directly after each FTA was formed, which goes against each FTAs publicised reasons for negotiation and implementation: economic motivations. This lends to Mansfield and Milner's argument discussed in the latter parts of the dissertation that countries have domestic political motivations for forming free trade agreements. These include the motivation to prove political stability through encouraging free trade in order for the party in power to be re-elected due to improved public sentiment.

From this theory and the disparities between the predicted economic benefits of the KAFTA and the economic data provided, this dissertation further theorised that the KAFTA was used as a catalyst to form the JAEPA and the ChAFTA in order to ratify and implement as many free trade agreements as possible in a short time frame before domestic Australian elections. To consolidate this theorisation, deep interview analysis was conducted on industry professionals and is presented in the latter sections of this paper.

These interviews were consolidated with further referencing to Mansfield and Milner's arguments, along with references to Australian media regarding the topic. The findings of these interviews is that despite interviewees attempting to be diplomatic in their assessment of the issue, after being presented with the KAFTA timeline facts in comparison to the JAEPA and the ChAFTA, discussion and sentiment turned to supporting the concept of catalyst motivations for domestic political benefit. When further presented with hypothetical scenarios of no JAEPA or ChAFTA, the importance of the KAFTA decreased significantly.

In conclusion, the goal of this paper was to explain why the KAFTA was formed before and negotiated with much more ease than the JAEPA and the ChAFTA despite Japan and China's more significant importance to Australia than South Korea. To answer this oddity, this dissertation took from the theories presented by Mansfield and Milner to theorise that other than transparent economic motivations to enter into an FTA, there are potential domestic political motivations for forming FTAs. Whilst this is not discussed in the literature, it can be seen in the unique case of the KAFTA when compared to the JAEPA and the ChAFTA. The reason this paper was written was to not only add to the literature surrounding the understanding of the motivations behind forming Free Trade Agreements, it was to add to the lacking literature on South Korea-Australia relations and Australian international relations as a whole.

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# Appendix

Australian	Korean
James Choi (Australian Ambassador to Korea)	Rod Rothwell (Senior Consultant, Strategic Marketing Team – Samsung)
Daniel Kim (Queensland Commissioner to Korea for Trade and Investment)	Sam Lim (Vice President, Overseas Business Development – LG)
Jay Sangani (Economic Councillor, Australian Embassy)	Aaron Kim (Seoul Office Manager)
Hon. Mark Furner MP (Minister for Agricultural Industry Development and Fisheries, Queensland Government)	Natalie Graham (Global Team Manager – 여행공방)
Rhett Miller (Trade Commissioner for Education/Commercial Consultant, Austrade)	Kate Lee (이진주) (Senior Manager/PL_MI Division – Insentia)
Andrew Lamming (Member for Bowman)	Grami Tong (University of Queensland)
Peter Dutton (Minister for Immigration – Member for Strathpine)	김승빈 Seung-Bin Kim (Manager – Chang Jin Inc.)
Tess (Personal connection, works for Australia Beef Producer with large exports to South Korea)	김일곤 Il-Gon Kim (CEO & President – Chang Jin Inc.)
Peter Park – (Startup CEO)	진예정 Jin Yae-Jung (BTN Radio Department/Producer – Buddhist True Network)
Tina Son (Assistant Marketing Officer, Trade and Investment Queensland)	Stephen Revere (Principal – Intercultural Communications)
Charley (Chul Hee) Hyun (Business Development Manager – Trade and Investment Queensland)	Jacco Zwetsloot (Director of Business Innovation – HMP Law)
Cherry Gan (Senior Regional Manager (acting) – Australian Catholic University)	황은하 Eunha Hwang (CEO – Lemon Myrtle) –
Colin Quirk (Sales and Marketing Manager – Groove Juice)	박동준 Park Dong Jun (Director General/Ph.D. Overseas Employment Support Bureau – HRD Korea)
Ray Kim (Bennet & Philp Lawyers)	임종진 Im Jong Jin (Director Overseas

	Employment Support Bureau – HRD Korea)
Hon. Shannon Fentiman MP (Member for Waterford/Minister for Employment and Small Business/Minister for Training and Skills Development – Queensland Gov.)	신현구 Hyungu Shin (External Cooperation Division/Chief Director – Job World)
Shannon Willoughby (Executive Director – Study Queensland, Trade and Investment Queensland)	Adam O’Neill (Startup)
Steven Koch (A/Deputy Director-General for Engagement/Department of Employment, Small Business and Training – Queensland Gov.)	Cha Jihun (Unknown Korean company, met at Austrade event)
Heejin Lee (Director of the Center for Australian Studies at Yonsei University)	

<Appendix 1> List of Intended Interviewees and Survey Participants

Name (If Given)	Company (If Given)	Position (If Given)	Date Interviewed	Interview Location
<b>Aaron Kim</b>	(Company deals with trade relations primarily between South Korea and Queensland)	Seoul Office Manager	2019-03-04	Gangnam-gu, Seoul, South Korea
<b>Chul-Hee Hyun</b>	Trade and Investment Queensland	Business and Development Manager	2019-04-10	Gangnam-gu, Seoul, South Korea
-	Strathpine Local Office	Member for Strathpine	2019-01-10	Strathpine, Brisbane, Australia
<b>Cherry</b> (provided name)	Austrade	Australia-South Korea Project Manager	2019-02-16	Gangnam-gu, Seoul, South Korea
-	(Freelance)	CEO of Multiple Small Start-ups	2019-04-13	Gangnam-gu, Seoul, South Korea

<Appendix 2> Extended Information of Interviews

# 국문 요약

본 논문은 한국-호주 자유 무역 협정(KAFTA, Korea Australia Free Trade Agreement)의 체결 동기를 연구하는 것이다. 한국-호주 자유 무역 협정(KAFTA)은 당시 가장 강력하고 보완적인 경제 협정 중 하나로 받아들여지는 반면에 협상 구성에 대해서는 호주와 한국의 동기를 검토할 때 몇 가지 예외가 있다. 지금까지 FTA는 두 가지 폭 넓은 진실한 동기에서 비롯된 것으로 이해되었다. 첫번째는 경제적 이익을 위한 무역 자유화를 진전시키고자 하는 욕구다. 두번째는 자원 및 영토 보안을 개선하기 위해 FTA를 사용하는 것이다. 이 논문은 에드워드 맨스필드(Edward Mansfield)와 헬렌 밀너(Helen Milner)의 합리적인 주장을 뒷받침하기 위해 한국-호주 자유 무역 협정(KAFTA)를 활용하고자 한다. 이 주장은 민주적 지도자들이 국내 정치 이득을 위한 무역 협정의 형성을 사용한다는 주장이다.

**주요어:** 한국-호주 자유 무역 협정 (KAFTA); 일본-호주 경제 파트너십 협정 (JAPEPA); 중국-호주 자유 무역 협정 (ChAFTA); 촉매

**학번:** 2017-25051